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Legislature approves citizens' initiative, repealing 'job-killing' Single Business Tax

'Vote for economic recovery' accelerates the elimination of the SBT by two years

LANSING – In an historic vote, both houses of the Michigan Legislature today repealed the state's Single Business Tax, a burdensome tax that has been widely despised for much of the last 30 years both by Michigan business owners and legislators but until now has been immune to repeal due to the governor's veto pen. The repeal takes effect Dec. 31, 2007.

A citizens' petition initiative calling for the repeal of the SBT was delivered to the Legislature on July 28. The petition drive began after the governor's March veto of a bill eliminating the SBT, her latest in a series of vetoes blocking fundamental and necessary change to the SBT. Since today's repeal was an approval of a citizens' initiative, the governor cannot veto it.

"Today we have shown Michigan job providers that we are listening to them and doing what is needed to help them stay competitive," said Sen. Ron Jelinek, R-Three Oaks. "Repealing the SBT will allow them to remain in Michigan and keep local families employed."

The broadly derided SBT is an antiquated tax that was implemented in the 1970s, when Michigan's commerce and economic activity were dramatically different than they are today. The tax was not designed for economic growth or for today's new economy in Michigan and the nation. The SBT penalizes companies for hiring workers and providing them with benefits, which is why it has been coined the "job-killer" tax. Through previous legislation, the elimination of the SBT was scheduled for Dec. 31, 2009.

For the past 30 years the Legislature has tried to fix the SBT so it no longer penalizes job creation. Republican legislators have tried to implement solutions that are pro-growth, oriented toward economic expansion and less onerous upon job creation. Republicans have argued that any economic recovery in Michigan will remain on hold until the state is once again attractive to job providers. The governor has countered Republicans' efforts with numerous vetoes of legislation designed to reform the SBT.

In May, a bipartisan joint committee was created by Senate Majority Leader Ken Sikkema and Speaker of the House Craig DeRoche to review proposals for replacement of the SBT and present a solution to the Legislature by Dec. 1. Senate Republicans have determined not to let any replacement of business taxes fall on the shoulders of Michigan residents, and the committee co-chairs are taking any tax increases on individuals off the table during discussion of the SBT replacement.

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